

EMPLOYER BULLETIN

2006 *Employer Guide* Revisions

July 2006

Overview

This package contains two copies of the updated TRS *Employer Guide*. This is a complete guide with new binders and tabs. Please keep one guide for your use and forward the second guide to the superintendent of schools or the director of your agency.

Please recycle any prior versions of the *Employer Guide*.

Major changes

This updated guide includes the following important changes.

Contribution rate increases effective for 2005-06 earnings

The following contribution rate increases were effective beginning with 2005-06 creditable earnings:

- Member retirement contributions increased from 9.0 percent to 9.4 percent. If the employer is paying the full 9.4 percent contribution as a benefit for the member, the appropriate factor to use is 1.103753.
- Employer contribution on salaries paid from federal funds decreased from 10.50 percent to 7.06 percent.
- Member THIS Fund contributions increased from 0.75 percent to 0.80 percent.
- Employer THIS Fund contributions increased from 0.50 percent to 0.60 percent.

Please refer to Chapter 3, Creditable Earnings, and Chapter 4, Employer Payments, in the *Employer Guide*.

Employer contributions for excess sick leave

Public Act 94-0004 requires TRS-covered employers to pay a contribution for any sick leave days granted to a member in excess of the normal annual allotment that is used to secure TRS service credit. Please refer to Chapter 4, Employer Payments, and Chapter 6, Service Credit, in the *Employer Guide*.

Sick Leave Certification

At the time of a member's retirement, TRS will request sick leave information to determine whether sick leave days were granted in the member's last four years prior to retirement. Each of the member's employers in the four years prior to retirement will be required to complete a Sick Leave Certification form. Please refer to Chapter 5, Reporting, in the *Employer Guide*.

Employer contribution required for salary increases in excess of 6 percent

Public Act 94-0004 requires TRS-covered employers to make contributions to the Teachers' Retirement System equal to the actuarial value of a pension benefit that results from any salary increase over 6 percent that is used in a retiring member's final average salary calculation. Please refer to Chapter 3, Creditable Earnings; Chapter 4, Employer Payments; and Chapter 11, Retirement Benefits, in the *Employer Guide*.

Federal funds contribution rate will increase to 9.78 percent

Effective July 1, 2006, the employer TRS contributions on salaries paid from federal funds will increase from 7.06 percent to 9.78 percent for earnings in the 2006-07 school year. The new contribution rate of 9.78 percent for the 2006-07 school year is equal to the anticipated state-funding rate for 2006-07. Please refer to Chapter 4, Employer Payments, in the *Employer Guide*.

(more)

Post-retirement employment

Effective July 1, 2006, the post-retirement employment limitations will revert back to 100-paid days or 500-paid hours from 120-paid days or 600-paid hours. At the time of this update, there is legislation pending to extend the post-retirement employment limitations of 120-paid days or 600-paid hours until June 30, 2011. Please refer to Chapter 10, Post-retirement Matters, in the *Employer Guide*.

Early Retirement Option (ERO)

The ERO was modified under Public Act 94-0004.

- **Modified ERO** refers to the legislative changes that extended ERO. These provisions apply to members who will retire after June 30, 2005, and who do not qualify for Pipeline ERO.
- **Pipeline ERO** refers to members who submitted a written notification to their employer on or before June 1, 2005 of their intent to retire under the terms of a contract or collective bargaining agreement. These members have until July 1, 2007 to retire using the pipeline provision.

Please refer to Chapter 11, Retirement Benefits, in the *Employer Guide*.

Limited return to work provisions for disability recipients

Public Act 94-0539 allows individuals who have received TRS disability benefits for one year or more to return to teaching on a limited basis. Please refer to Chapter 12, Disability Benefits, in the *Employer Guide*.

Other changes

In addition to the legislative and procedural changes mentioned, the following revisions were made:

- Qualified plan salary limitations were updated. The limit for persons first establishing TRS membership after June 30, 1996, increases to \$220,000 in 2006-07. Please refer to Chapter 3, Creditable Earnings, in the *Employer Guide*.

- Forms and instructions for completing some of the forms were updated. Please refer to Chapters 4, 5, 6, and 7 of the *Employer Guide*
- Examples were added and updated. Please refer to Chapters 3, 5, and 10 of the *Employer Guide*
- Correcting errors via an Employer's Report of Adjustments to Earnings form or the Unreported Service form was clarified. Please refer to Chapter 7, Optional Service Credit and Payment Options, in the *Employer Guide*.

Pending legislation

At press time, Senate Bill 49 is awaiting the Governor's signature. This bill modifies the 6 percent final average salary employer contribution effective under Public Act 94-0004. The act requires a contribution from a school district when a member receives a salary increase over 6 percent and that salary is used in his or her final average salary calculation.

Senate Bill 49 provides for exemptions from the employer contribution calculation. Please refer to the Legislative Information area of our Web site, trs.illinois.gov, for more information.

TRS will provide guidance on the administration of the legislation if it is acted upon by the Governor.

Questions

Please contact the Employer Services Department at (888) 877-0890, option 1, with questions.